

**ICAMR, Inc.
d/b/a BRIDG**

FINANCIAL STATEMENTS

June 30, 2017



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ICAMR, Inc. d/b/a BRIDG
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June 30, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
ICAMR, Inc. d/b/a BRIDG
Kissimmee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of ICAMR, Inc. d/b/a BRIDG (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ICAMR, Inc. d/b/a BRIDG as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

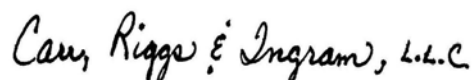
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General*, Florida Single Audit Act Audits – Nonprofit and For-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2018, on our consideration of ICAMR, Inc. d/b/a BRIDG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ICAMR, Inc. d/b/a BRIDG's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, LLC



Orlando, Florida
March 1, 2018

ICAMR, Inc. d/b/a BRIDG
Statement of Financial Position

June 30, 2017

ASSETS

Current assets

Cash held with fiscal agent	\$ 2,409,306
Accounts receivable	4,607,372
Total current assets	7,016,678

Tools and equipment 10,015,290

Total assets **\$ 17,031,968**

LIABILITIES AND NET ASSETS

Liabilities

Current liabilities

Accounts payable and accrued expenses	\$ 3,301,845
Deferred revenue	1,587,246
Total current liabilities	4,889,091

Unrestricted net assets **12,142,877**

Total liabilities and net assets **\$ 17,031,968**

See accompanying notes to financial statements.

ICAMR, Inc. d/b/a BRIDG
Statement of Activities

For the year ended June 30, 2017

Revenues

Core funding:

Program participant fees	\$ 1,250,000
Other agreement revenue	16,058,396
In-kind contributions	320,000

Total revenues	17,628,396
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Expenses

Program services

Consortium core activities	4,142,365
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Total program services	4,142,365
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Supporting services

General and administrative	796,629
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Development	2,588,376
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Total supporting services	3,385,005
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Total expenses	7,527,370
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Increase in unrestricted net assets	10,101,026
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Unrestricted net assets, beginning of year	2,041,851
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Unrestricted net assets, end of year	\$ 12,142,877
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See accompanying notes to financial statements.

ICAMR, Inc. d/b/a BRIDG
Statement of Cash Flows

<i>For the year ended June 30,</i>	2017
Cash flows from operating activities	
Change in net assets	\$ 10,101,026
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Increase in accounts receivable	(4,607,372)
Increase in accounts payable and accrued expenses	3,078,602
Decrease in deferred revenue	(381,019)
Total adjustments	(1,909,789)
Net cash provided by operating activities	8,191,237
Cash flows from investing activities	
Purchases of tools and equipment and net cash used by investing activities	(10,015,290)
Net decrease in cash held with fiscal agent	(1,824,053)
Cash held with fiscal agent, beginning of year	4,233,359
Cash held with fiscal agent, end of year	\$ 2,409,306

See accompanying notes to financial statements.

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The International Consortium for Advanced Manufacturing Research, incorporated as ICAMR, Inc. d/b/a BRIDG (“BRIDG”) was organized June 5, 2014, to foster development of a high-impact industry center for the promotion of cooperative research and development by university, industry and government partners to accelerate advancement in smart sensor development and manufacturing in Osceola County.

BRIDG was formed by the University of Central Florida (“UCF”) and the Florida High Tech Corridor Council, Inc. (“FHTCC”) through collaboration with Osceola County. On August 25, 2014, Osceola County, UCF, and FHTCC entered into a development agreement of an advanced manufacturing research center which the Organization will utilize as its high-impact industry center. Construction on the center was completed in the Spring of 2017.

Osceola County, UCF, and the University of Central Florida Research Foundation (the “Research Foundation”) entered into a memorandum of understanding July 28, 2015, whereby UCF provides sharing of resources and personnel and the Research Foundation serves as BRIDG’s fiscal agent. Until December 31, 2015, income and expenses related to the consortium were considered a program of the Research Foundation and therefore, activity was recorded as revenue and expenses of the Research Foundation. On January 1, 2016, operations began for BRIDG so the Research Foundation disbursed the balance of funds restricted for the consortium to BRIDG.

Reporting Entity and Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting. Revenues are reported when earned or unconditionally received. Expenses are recorded when purchases of materials or services are received.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. When a restriction is accomplished or it expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as “net assets released from restrictions.”

BRIDG’s programs are as follows:

Consortium core activities – development and operation of a high-impact industry center. Smart sensor manufacturing, development, and research, and other activities.

Partner fabrication – direct service contracts for smart sensor manufacturing, development, and other activities. No such expenses were incurred for the year ending June 30, 2017.

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Cash Held with Fiscal Agent

Cash with fiscal agent consists of amounts held by UCF.

Deferred Revenues

Deferred revenues consist of program participant fees collected for future periods and grant revenue that has been received, but not yet earned.

Donated Facilities and Services

Donated facility and furniture usage is reflected in the accompanying statement of activities at estimated fair value at the time it is contributed to BRIDG by Osceola County. For the year ended June 30, 2017, donated facilities and furniture usage amounting to approximately \$320,000 were reported as in-kind contributions on the accompanying statement of activities.

Income Taxes

BRIDG is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code and from State income tax pursuant to Florida law. BRIDG has not incurred unrelated business income. As a result, no income tax liability or provision has been included in the accompanying financial statements. Additionally, the Organization has not recognized any liability for unrecognized tax benefits as it has no known tax positions that would subject BRIDG to any material income tax exposure.

Advertising Costs

Costs of advertising are expensed as incurred and are included in the accompanying statement of activities as development expenses.

Reimbursed Salaries and Benefits

Reimbursed salaries and benefits consist of UCF employees assigned to BRIDG.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates used in preparing these financial statements include those used in computing the functional allocation of expenses and calculating the fair market value of donated assets and services. Accordingly, actual results could differ from those estimates.

NOTE 2: RELATED PARTY TRANSACTIONS

Donated facilities disclosed in Note 1 were received from Osceola County. In addition, during the year ended June 30, 2017 funds of \$5,000,000 were passed through UCF's budget to BRIDG through the state legislative process and are included in the accompanying statement of activities as other agreement revenue.

The Organization incurs a management fee to the Research Foundation for providing accounting services and acting as a fiscal agent and is calculated as a percentage of certain types of funding received during the year. Management fees incurred for the year ended June 30, 2017 were \$12,500.

NOTE 3: COLLABORATIVE ARRANGEMENTS

The Organization entered into two participation agreements during the year ended June 30, 2016 and one participation agreement during the year ended June 30, 2017, to develop products for the sensor or photonics industries and work together to promote the development of ultra-high density interposer technologies and sensor based imagers to benefit the sensor-photonics manufacturing industries. The Organization recognized participant fees of \$1,250,000 during the year ended June 30, 2017. Deferred revenue related to these agreements is \$1,587,246 as of June 30, 2017.

NOTE 4: CONCENTRATIONS

The Organization received \$9,915,988 or 56% of its revenues from a grant from the State of Florida Department of Economic Opportunity and \$5,000,000 or 28% of its revenues from funds passed through UCF's budget through the legislative process during the year ended June 30, 2017.

NOTE 5: SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:

Interest	\$	-
Income taxes	\$	-

NOTE 6: COMMITMENTS

The Organization had entered into an agreement with a law firm to provide services related to the start-up of the Organization and general legal matters for a monthly fee of \$10,000. This agreement automatically renews each April 1st unless written notification is provided by either party within 30 days prior to March 31st of each year.

NOTE 7: SUBSEQUENT EVENTS

Subsequent events were evaluated through the date the financial statements were available to be issued. The financial statements were approved and authorized for issue by management on March 1, 2018.

SUPPLEMENTAL INFORMATION

ICAMR, Inc. d/b/a BRIDG
Schedule of Functional Expenses

For the year ended June 30, 2017

	Consortium Core Activities	General and Administrative	Development	Total
Reimbursed salaries and benefits	\$ 2,162,537	\$ 520,716	\$ 764,125	\$ 3,447,378
Legal fees	67,694	-	67,694	135,388
Consulting fees and service contracts	1,245,046	60,000	1,194,573	2,499,619
Rent and utilities	161,256	77,197	145,816	384,269
Office expenses	60,085	28,764	54,332	143,181
Marketing	-	-	80,887	80,887
Fab expenses and IT support	199,109	95,318	180,045	474,472
Travel	208,264	-	71,064	279,328
Dues and memberships	29,840	-	29,840	59,680
Meals and entertainment	8,534	2,134	-	10,668
Management fees	-	12,500	-	12,500
Total expenses	\$ 4,142,365	\$ 796,629	\$ 2,588,376	\$ 7,527,370
Percentage of total expenses	55%	11%	34%	100%

See independent auditors' report.

ICAMR, Inc. d/b/a BRIDG
Schedule of Expenditures of State Financial Assistance

For the year ended June 30, **2017**

STATE GRANTOR/PASS THROUGH/PROGRAM TITLE	STATE CSFA NUMBER	CONTRACT NUMBER	TOTAL DISBURSEMENTS/ EXPENDITURES
State of Florida Department of Economic Opportunity			
Local Economic Development Initiatives	40.012	SL022	\$ 9,915,988
Total Department of Economic Development			9,915,988
Total State Assistance			\$ 9,915,988

See independent auditors' report.



ICAMR, Inc. d/b/a BRIDG

Notes to Schedule of Expenditures of State Financial Assistance

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the “Schedule”) includes the state award activity of BRIDG under programs of the state government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of BRIDG, it is not intended to and does not present the financial position, changes in net assets, or cash flows of BRIDG.

There were no awards passed through to subrecipients for the year ended June 30, 2017.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Chapter 10.650, *Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

ICAMR, Inc. d/b/a BRIDG
Schedule of Findings and Questioned Costs

A. Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of BRIDG, which were prepared in accordance with accounting principles generally accepted in the United States of America.
2. One material weakness was disclosed in the Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. There were no instances of noncompliance material to the financial statements that would be required to be disclosed in the Report on Compliance for each Major State Project and on Internal Control over Compliance Required by Chapter 10.650, *Rules of the Auditor General*.
4. One material weakness in internal control over major state projects was disclosed.
5. The auditors' report expresses an unmodified opinion on compliance for the major state award programs for BRIDG.
6. Audit findings relative to the major state award programs for ICAMR, Inc. d/b/a BRIDG are reported in Parts B and C this Schedule.
7. The program tested as a major project was as follows:

State Project

Department of Economic Opportunity

Local Economic Development Initiatives

CSFA 40.012

8. The threshold for distinguishing Type A programs was \$300,000 for major state awards projects.
9. BRIDG was determined to not be a low-risk auditee for purposes of the major state projects.

B. Findings - Financial Statements Audit

2017-001 Maintaining accounting records in accordance with Generally Accepted Accounting Principles

Conditions and Criteria: During the audit, there were several journal entries required to be made in order for the financial statements to be in accordance with Generally Accepted Accounting Principles.

ICAMR, Inc. d/b/a BRIDG
Schedule of Findings and Questioned Costs

B. Findings - Financial Statements Audit (Continued)

2017-001 Maintaining accounting records in accordance with Generally Accepted Accounting Principles (Continued)

Effect: Audit adjustments included the recording of grant receivable and payable amounts of approximately \$3 million, the reclassification of revenue from deferred revenue of approximately \$1 million, the proper capitalization of tools/equipment of \$7 million, the recording of in-kind donations of \$300,000, and the removal of another entity's revenues and expenses of \$9 million. The total effect of these adjustments on the financial statements is more than significant.

Cause: The cause appears to be that the fiscal agent recorded most transactions on a cash basis and a possible lack of communication between BRIDG and the fiscal agent regarding circumstances that would require adjustments. In addition, internal financial statements are not provided to BRIDG from the fiscal agent to review the financial activity on a regular basis for accuracy.

Auditor Recommendation: It is recommended that financial reports, including a trial balance, financial statements, and a general ledger detail be provided by the fiscal agent to BRIDG on a regular basis, likely monthly. Management and those charged with governance should review the financial information and should discuss any possible adjustments identified with the fiscal agent. The fiscal agent should be directed to record any accrual type accounting entries, including recording receivables, payables, and in-kind donations.

Planned Corrective Actions:

- Short-term
 - Formal monthly meeting between BRIDG and the fiscal agent to review adjustments, if any.
 - Formal monthly review of financial reports provided by the fiscal agent to BRIDG (same meeting as above).

- Long-term
 - The fiscal agent's ability to provide standard monthly financial reporting that meets BRIDG's business needs is not possible due to the way the financial system has been implemented at the University of Central Florida. Because of this BRIDG is in process of working with an outside firm to develop a method of conducting a monthly "simulated close" using data provided by the fiscal agent's accounting system. The simulated close will allow BRIDG the ability to provide standard reports including Income Statement (P&L), Balance Sheet, Statement of Cash Flows, and Variance Reports on a monthly/quarterly/annual basis. BRIDG will implement this system with the fiscal agent's involvement to ensure that data integrity with the fiscal agent's financial system is maintained.

A BRIDG Finance & Accounting Manager/Analyst position will be created and filled to support the short-term and long-term goals. This employee will coordinate activities, as appropriate, with the fiscal agent.

See independent auditors' report.

C. Findings and Questioned Costs- Major State Award Project Audit

2017-002 Adherence to Procurement Guidelines
CSFA 40.012 *Local Economic Development Initiatives*
Department of Economic Opportunity
Contract Number SL022
Contract Period July 1, 2016 – June 30, 2017

Conditions and Criteria: BRIDG's Procurement Guidelines, version 1.0 approved June 9, 2016, outlines the procedure for the purchasing of goods, including purchasing authority and the procurement process. Purchases up to \$100,000 are allowable with the approval of the Buyer. Purchases between \$100,000.01 through \$1,000,000 are allowable with the approval of either the Director of Business Operations, Director of Technology, or the Executive Director of Operations and Technology Programs. Purchases greater than \$1,000,000.01 require the approval of the CEO or their delegate. In addition, for purchases of \$10,000.01 - \$75,000, a minimum of 3 formal written quotes must be obtained on vendor's letterhead and purchases greater than \$75,000 require a formal RFP process with a minimum of 3 bids required. The approvals for purchases and the bid process are documented on a Vendor Selection Form with proper signatures. During testing, 6 of the 43 vendor invoices tested (for the purchase of 4 separate tools) did not have the proper approval signatures on the Vendor Selection Form. For 4 of the 43 vendor invoices tested (all related to the purchase of a single tool), no Vendor Selection Form was completed.

Effect: Without following the approved Procurement Guidelines, there is a possibility of an unauthorized purchase being made that may not be allowable under the grant guidelines and therefore, would not be reimbursed to BRIDG.

Cause: The cause was inconsistent application of the Procurement Guidelines.

Auditor Recommendation: It is recommended that the Procurement Guidelines be adhered to and that a control be put in place that each Vendor Selection Form is reviewed for completeness prior to a purchase being made.

Planned Corrective Actions: This issue occurred during the timeframe of moving from temporary offices to our new facility in NeoCity. Some paper forms were not scanned and stored on the server properly or paper forms were lost.

- Short-term
 - BRIDG has implemented a formal review process of all vendor selection forms prior to orders being placed. Formal review is completed by Chief Operating Officer with corresponding signoff.
- Long-term
 - BRIDG is in the process of automating the purchasing process, including the entire vendor selection approval process workflow. With the system implemented, the need for paper based vendor approval forms and storage will be eliminated. The system will be fully implemented by the start of FY18/19.

See independent auditors' report.



ICAMR, Inc. d/b/a BRIDG
Schedule of Findings and Questioned Costs

D. Other Issues

A management letter was issued on March 1, 2018, with 2 material weaknesses pertaining to findings 2017-001 and 2017-002.

E. Prior Year Findings and Questioned Costs

This is the first year that a State of Florida single audit was required for ICAMR, Inc. d/b/a BRIDG.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650 AND RULES OF THE AUDITOR GENERAL

Board of Directors
ICAMR, Inc. d/b/a BRIDG
Kissimmee, Florida

Report on Compliance for Each Major State Project

We have audited ICAMR, Inc. d/b/a BRIDG's compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of ICAMR, Inc. d/b/a BRIDG's major state projects for the year ended June 30, 2017. ICAMR, Inc. d/b/a BRIDG's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state projects applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of ICAMR, Inc. d/b/a BRIDG's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General*. Those standards and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about ICAMR, Inc. d/b/a BRIDG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of ICAMR, Inc. d/b/a BRIDG's compliance.

Opinion on Each Major State Project

In our opinion, ICAMR, Inc. d/b/a BRIDG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of ICAMR, Inc. d/b/a BRIDG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ICAMR, Inc. d/b/a BRIDG's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ICAMR, Inc. d/b/a BRIDG's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

We considered the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-002 to be a material weakness.

ICAMR, Inc. d/b/a BRIDG's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. ICAMR, Inc. d/b/a BRIDG's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

CARR, RIGGS & INGRAM, LLC

Carr, Riggs & Ingram, L.L.C.

Orlando, Florida

March 1, 2018

See independent auditors' report.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
ICAMR, Inc. d/b/a BRIDG
Kissimmee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of ICAMR, Inc. d/b/a BRIDG (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 1, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ICAMR, Inc. d/b/a BRIDG’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ICAMR, Inc. d/b/a BRIDG’s internal control. Accordingly, we do not express an opinion on the effectiveness of the ICAMR, Inc. d/b/a BRIDG’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness.

See independent auditors’ report.

2017-001 Maintaining accounting records in accordance with Generally Accepted Accounting Principles

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ICAMR, Inc. d/b/a BRIDG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

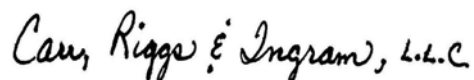
ICAMR's Response to Findings

ICAMR, Inc. d/b/a BRIDG's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. ICAMR, Inc. d/b/a BRIDG's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CARR, RIGGS & INGRAM, LLC



Orlando, Florida
March 1, 2018



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To the Board of Directors
and management
ICAMR, Inc. d/b/a BRIDG

Report on the Financial Statements

We have audited the financial statements of ICAMR, Inc. d/b/a BRIDG as of June 30, 2017 and for the year ended June 30, 2017, and have issued our report thereon dated March 1, 2018.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.650, *Rules of the Florida Auditor General*; and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 1, 2018, should be considered in conjunction with this management letter. One material weakness was disclosed in the Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and one material weakness was disclosed in the Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.650, *Rules of the Florida Auditor General*, as described below.

Findings - Financial Statements Audit

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Conditions and Criteria: During the audit, there were several journal entries required to be made in order for the financial statements to be in accordance with Generally Accepted Accounting Principles.

Effect: Audit adjustments included the recording of grant receivable and payable amounts of approximately \$3 million, the reclassification of revenue from deferred revenue of approximately \$1 million, the proper capitalization of tools/equipment of \$7 million, the recording of in-kind donations of \$300,000, and the removal of another entity's revenues and expenses of \$9 million. The total effect of these adjustments on the financial statements is more than significant.

Findings - Financial Statements Audit (Continued)

2017-001 Maintaining accounting records in accordance with Generally Accepted Accounting Principles (Continued)

Cause: The cause appears to be that the fiscal agent recorded most transactions on a cash basis and a possible lack of communication between BRIDG and the fiscal agent regarding circumstances that would require adjustments. In addition, internal financial statements are not provided to BRIDG from the fiscal agent to review the financial activity on a regular basis for accuracy.

Auditor Recommendation: It is recommended that financial reports, including a trial balance, financial statements, and a general ledger detail be provided by the fiscal agent to BRIDG on a regular basis, likely monthly. Management and those charged with governance should review the financial information and should discuss any possible adjustments identified with the fiscal agent. The fiscal agent should be directed to record any accrual type accounting entries, including recording receivables, payables, and in-kind donations.

Planned Corrective Actions:

- Short-term
 - Formal monthly meeting between BRIDG and the fiscal agent to review adjustments, if any.
 - Formal monthly review of financial reports provided by the fiscal agent to BRIDG (same meeting as above).
- Long-term
 - The fiscal agent's ability to provide standard monthly financial reporting that meets BRIDG's business needs is not possible due to the way the financial system has been implemented at the University of Central Florida. Because of this BRIDG is in process of working with an outside firm to develop a method of conducting a monthly "simulated close" using data provided by the fiscal agent's accounting system. The simulated close will allow BRIDG the ability to provide standard reports including Income Statement (P&L), Balance Sheet, Statement of Cash Flows, and Variance Reports on a monthly/quarterly/annual basis. BRIDG will implement this system with the fiscal agent's involvement to ensure that data integrity with the fiscal agent's financial system is maintained.

A BRIDG Finance & Accounting Manager/Analyst position will be created and filled to support the short-term and long-term goals. This employee will coordinate activities, as appropriate, with the fiscal agent.

Findings and Questioned Costs- Major State Award Project Audit

2017-002 Adherence to Procurement Guidelines
CSFA 40.012 *Local Economic Development Initiatives*
Department of Economic Opportunity
Contract Number SL022
Contract Period July 1, 2016 – June 30, 2017

Conditions and Criteria: BRIDG's Procurement Guidelines, version 1.0 approved June 9, 2016, outlines the procedure for the purchasing of goods, including purchasing authority and the procurement process. Purchases up to \$100,000 are allowable with the approval of the Buyer. Purchases between \$100,000.01 through \$1,000,000 are allowable with the approval of either the Director of Business Operations, Director of Technology, or the Executive Director of Operations and Technology Programs. Purchases greater than \$1,000,000.01 require the approval of the CEO or their delegate. In addition, for purchases of \$10,000.01 - \$75,000, a minimum of 3 formal written quotes must be obtained on vendor's letterhead and purchases greater than \$75,000 require a formal RFP process with a minimum of 3 bids required. The approvals for purchases and the bid process are documented on a Vendor Selection Form with proper signatures. During testing, 6 of the 43 vendor invoices tested (for the purchase of 4 separate tools) did not have the proper approval signatures on the Vendor Selection Form. For 4 of the 43 vendor invoices tested (all related to the purchase of a single tool), no Vendor Selection Form was completed.

Effect: Without following the approved Procurement Guidelines, there is a possibility of an unauthorized purchase being made that may not be allowable under the grant guidelines and therefore, would not be reimbursed to BRIDG.

Cause: The cause was inconsistent application of the Procurement Guidelines.

Auditor Recommendation: It is recommended that the Procurement Guidelines be adhered to and that a control be put in place that each Vendor Selection Form is reviewed for completeness prior to a purchase being made.

Planned Corrective Actions: This issue occurred during the timeframe of moving from temporary offices to our new facility in NeoCity. Some paper forms were not scanned and stored on the server properly or paper forms were lost.

- Short-term
 - BRIDG has implemented a formal review process of all vendor selection forms prior to orders being placed. Formal review is completed by Chief Operating Officer with corresponding signoff.
- Long-term
 - BRIDG is in the process of automating the purchasing process, including the entire vendor selection approval process workflow. With the system implemented, the need for paper based vendor approval forms and storage will be eliminated. The system will be fully implemented by the start of FY18/19.

Other Matter

Section 10.654(1)(e), Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate, and the Florida House of Representatives, the Florida Auditor General, granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

March 1, 2018